



DAILY ENERGY COMPLEX COMMENTARY

Tuesday April 25, 2017

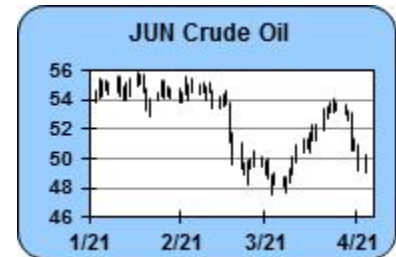
DAILY ENERGY COMPLEX COMMENTARY

04/25/17

Energy complex back on the defensive this morning

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +15, HEATING OIL +31, UNLEADED GAS -34

CRUDE OIL MARKET FUNDAMENTALS: Crude oil was able to finally put the brakes on its current downdraft with modest gains early this morning, but a loss of upside momentum could lead to a seventh straight daily loss, as the market is back within striking distance of its mid-March lows. The energy complex started out the week with a positive tone, but it was unable to hold its ground, as crude oil fell back into and then stayed firmly in negative territory by the close of Monday's trading session. While several key commodities received a positive boost from the "risk on" mood that followed Sunday's French election results, early energy market gains showed a more subdued reaction, which might have been a signal of ongoing sluggishness. In addition, June crude oil prices were unable to hold above the key \$50.00 level, and this set the stage for a fresh wave of technically-based selling. A continued rise in the Baker Hughes oil rig count should result in increased US crude oil production, and this could offset a significant portion of the output cuts from the Oil Producers Agreement. Russia stated that they could ramp up their crude oil output to a multi-decade high if the agreement lapses at the end of June. Other nations that were reluctant co-signers may be ready to open their taps up if that does occur.



PRODUCT MARKET FUNDAMENTALS: The product markets remain on the defensive this week, as both heating oil and RBOB have fallen into negative territory this morning. This follows moderate losses on Monday. Both product markets are likely to see lows for their respective downmoves over the near future. A well-respected energy analytics firm estimated that US new cars sold during the first quarter had slightly lower fuel economy than in the first quarter of 2016. This is the first time that has occurred since 2010. While distillates and gasoline stocks have seen consistent declines during recent weeks, they remain comparatively high on a historical basis and will likely need to see stronger domestic demand in order to sustain a longer-term recovery move.

NATURAL GAS: June natural gas has reached a new 1-month low as the market enters a shoulder season with expectations for healthy storage injections until cooling demand starts to take hold. Long liquidation was noted as the managed money trader category increased their net long position by 10,753 contracts to record high of 187,255 contracts. Temperatures for the April 30th to May 4th period do trend below normal, but they turn back to normal-type readings by the second week of May. June natural gas closed below short term support line at \$3.209 for a second consecutive day. The market tested the 50-day moving average at \$3.150 and the 200-day at \$3.151, but it settled just above those levels. A close below these moving averages could open the market up for a deeper correction down to the \$2.982 level.

TODAY'S MARKET IDEAS:

It is likely that crude oil prices will remain on the defensive today, but they could receive a boost after the close, as crude stocks are forecast to see a weekly decline. However, it would take much more of a unified front by the signers of the Oil Producers Agreement that they will adhere to their output cuts and extend them another six months for crude oil prices to lift clear of their recent lows. Near-term resistance is at the \$50.00 level, and it would take two closes above that key price for there to be more confidence that a near-term low has been put in. Near-term resistance for June heating oil is at \$1.5620 while near-term resistance for June RBOB is at \$1.6415.

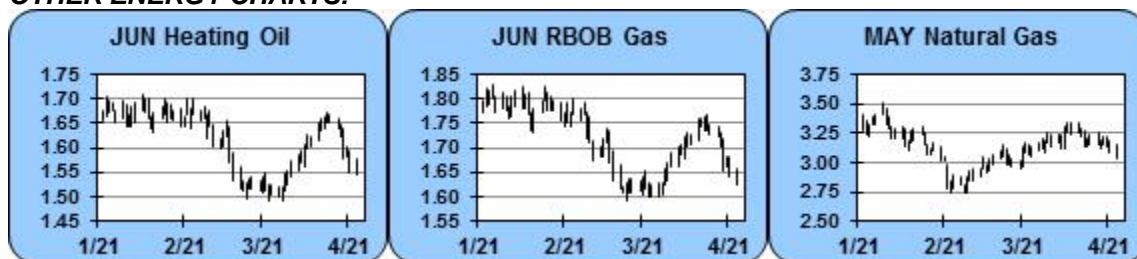
NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

OTHER ENERGY CHARTS:



ENERGY COMPLEX TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

CRUDE OIL (JUN) 04/25/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 48.22. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 49.78 and 50.59, while 1st support hits today at 48.60 and below there at 48.22.

HEATING OIL (JUN) 04/25/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 152.00. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 156.31 and 158.61, while 1st support hits today at 153.01 and below there at 152.00.

RBOB GAS (JUN) 04/25/2017: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 159.92. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 164.31 and 166.73, while 1st support hits today at 160.91 and below there at 159.92.

NATURAL GAS (JUN) 04/25/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 3.059. The next area of resistance is around 3.223 and 3.292, while 1st support hits today at 3.107 and below there at 3.059.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
ENERGY COMPLEX										
CLAM7	49.19	27.22	34.65	48.97	25.86	50.09	51.92	51.73	51.62	52.35
CLAN7	49.54	27.28	34.71	49.30	26.28	50.46	52.26	52.08	51.94	52.66
HOAM7	154.66	28.82	36.93	51.83	29.40	1.57	1.61	1.61	1.59	1.61
HOAN7	155.34	28.60	36.66	51.78	29.27	1.58	1.62	1.61	1.60	1.62

RBAM7	162.61	26.70	34.06	42.27	20.55	1.65	1.70	1.70	1.69	1.71
RBAN7	162.52	26.48	34.08	43.59	21.29	1.65	1.70	1.70	1.68	1.71
NGAM7	3.165	39.30	44.70	30.85	19.83	3.22	3.24	3.27	3.15	3.18
NGAN7	3.246	39.90	45.33	33.00	21.59	3.30	3.32	3.34	3.22	3.24

Calculations based on previous session. Data collected 04/24/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAM7	Crude Oil	48.21	48.59	49.40	49.78	50.59
CLAN7	Crude Oil	48.58	48.95	49.75	50.12	50.92
HOAM7	Heating Oil	151.99	153.00	155.30	156.31	158.61
HOAN7	Heating Oil	152.73	153.73	155.94	156.94	159.15
RBAM7	RBOB Gas	159.91	160.90	163.32	164.31	166.73
RBAN7	RBOB Gas	159.94	160.89	163.19	164.14	166.42
NGAM7	Natural Gas	3.058	3.106	3.175	3.223	3.292
NGAN7	Natural Gas	3.152	3.195	3.253	3.296	3.354

Calculations based on previous session. Data collected 04/24/2017

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